



CITY MANAGER'S OFFICE MEMORANDUM

TO: Mayor and City Commissioners

FROM: Jim Scholl, City Manager
Mark Finigan, Finance Director

DATE: April 29, 2019

SUBJECT: Purchase of 3420 Northside Drive – Budget Amendment

ACTION STATEMENT

Respectfully request the City Commission approve the proposed budget adjustments to the Fiscal Year 2018-19 City of Key West Budget. Such adjustments are required to establish budgetary authority for the impending City purchase of the real property located at 3420 Northside Drive, commonly referred to as the Key West Citizen Building. The proposed adjustments are consistent with the major adjustments outlined in Ordinance 19-02 and are represented in more detail in the attached Budget Transfer Form.

BACKGROUND

With the passing of the referendum, closing is tentatively set for the May 14, 2019. The contracted acquisition cost is \$4,950,000.00, excluding repairs and closing costs. Funding for the acquisition of the Key West Citizen Building as well as the funding for slightly over \$1,000,000 in anticipated repairs and improvements involve the reprogramming of capital projects in both the City's Key West Bight Fund (Fund 405) and the Infrastructure Surtax Fund (Fund 101). Specifically, \$2,525,000 will be transferred from the Key West Bight Fund to the Infrastructure Surtax Fund to support the acquisition.

Such a transfer amount is made possible by the City Commission declaring Key West Bight Project KB 1501, 907 Caroline Street, eligible for full funding from the Caroline Street Community Redevelopment Fund (Fund 603). Currently the 907 Caroline Street project is fully funded using Key West Bight capital funds. The balance of the \$6,000,000 will come from the reprogramming start dates for several already slated projects in the Infrastructure Surtax Fund as well as the delay and/or capping of Police Department/Fire Department annual vehicle purchases for the next several years.

The proposed adjustments do not delete or descope a single project that was approved in the FY 2019 budget but does delay the start date of a few planned projects.

Equally as important to note is that funding for FY 2019 flatwork, "sidewalks and paving", is not impacted by the proposed adjustments.

One project programmed for a funding delay, specifically Phase 1B of the Truman Waterfront master plan, is a project of significant community and Commission interest. The reprogramming of a \$1,940,000 construction appropriation for FY 2018-19 to FY 2019-20 is recommended based on a final design which is not expected to be available until May 2019. Once final design is received, the release, evaluation and award of a construction solicitation is estimated to take several months – very close to the start of FY 2019-20 (October 1, 2019). In summary, this reappropriation is not expected to slip the anticipated completion for Phase 1B by more than 4 to 6 months.

RECOMMENDATION

Recommend the City Commission approve the proposed budget adjustments to the Fiscal Year 2018-19 City of Key West Budget.